

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Needham Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 13, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.25% to 6.50% and an adjustment to the salary increase assumption.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Section 2: Actuarial Valuation Results

Funding schedule

(1) Fiscal year ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2021	\$3,358,379	\$6,155,264	\$9,513,643	\$95,110,611	--
2022	3,470,392	6,947,047	10,417,439	94,737,444	9.50%
2023	3,586,121	7,820,975	11,407,096	93,496,773	9.50%
2024	3,705,688	8,785,082	12,490,770	91,244,725	9.50%
2025	3,829,220	9,848,173	13,677,393	87,819,520	9.50%
2026	3,956,848	11,019,897	14,976,745	83,039,485	9.50%
2027	4,088,707	11,674,317	15,763,024	76,700,861	5.25%
2028	4,224,937	12,365,646	16,590,583	69,253,269	5.25%
2029	4,365,682	13,095,907	17,461,589	60,585,318	5.25%
2030	4,511,091	13,867,231	18,378,322	50,576,223	5.25%
2031	4,661,317	14,681,867	19,343,184	39,095,076	5.25%
2032	4,816,520	15,542,181	20,358,701	26,000,068	5.25%
2033	4,976,864	11,137,650	16,114,514	11,137,650	-20.85%
2034	5,142,518	0	5,142,518	0	-68.09%

Notes:

Fiscal 2021 Actuarially Determined Contribution set equal to budgeted amount.

Actuarially Determined Contributions are assumed to be paid on July 1.

Item (2) reflects 3.0% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.